



Brexit is an opportunity for a genuinely liberal US-UK free trade deal

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With six months and counting before the UK-EU divorce becomes official, Britons understandably are frustrated by the absence of post-Brexit clarity. Genuine concern, lingering misgivings about the referendum, and a series of government missteps have invited justified criticism, but also heaps of hyperbole and fear-mongering from politicians and opinion leaders across the ideological spectrum.

Obscured by grandstanding is the fact that a Brexit agreement that preserves structural integration where it is mutually beneficial and restores Westminster's autonomy to negotiate free trade deals is both desirable and attainable.

Extricating the UK from the single market and customs union will restore national sovereignty, improve fiscal accountability, and ensure flexibility to decide laws and regulations properly suited to British concerns. But, of course, ceding the privileges of EU membership won't be costless.

British policymakers must ensure that costs of withdrawal are minimised or, at least, outweighed by the benefits. That is why a comprehensive free trade agreement with the United States should be among the government's top priorities. And that is why any Brexit agreement that attenuates Britain's capacity to negotiate trade deals would leave the UK worse off.

The timing for launching negotiations with the US could hardly be better. Over the next few months, the Trump administration is likely to conclude renegotiations of trade deals with Korea, Canada, and Mexico. It is likely to shift focus to new, bilateral free trade agreements in the new year. The US ambassador to Britain recently noted that President Trump has a "robust appetite" for a bilateral trade deal, which puts the launch of negotiations in late March 2019 very much within the realm of possibilities.

The US and UK are natural candidates for a state-of-the-art, comprehensive trade agreement. British and US companies account for nearly \$1.3 trillion of direct investment and employ 2.6 million workers in each other's economies.

Both countries are deeply rooted in the institutions of free market capitalism and the rule of law. Negotiators could agree on principle to a deal that would create greater prosperity through novel, transparent rules that eliminate costly barriers to trade across all sectors, stimulate innovation,

encourage competition, and attract the interests of reform-minded governments around the world.

Indeed, a proposal offering the text of such an agreement already exists – the Initiative for Free Trade in London and the Cato Institute in Washington have released a paper outlining the ideal US-UK free trade agreement.

The paper, which is the fruit of collaboration among policy experts representing 11 think tanks in both countries, calls for elimination of all barriers to trade in goods, services, government procurement, and investment. It opens financial services in both countries to the full array of competition. It permits free movement of British and American workers with a job offer, and provides for comprehensive mutual recognition of regulations, standards, and professional licenses and qualifications. The agreement would allow developed countries in the future that are willing and able to meet the market-liberalising standards to join this world-changing arrangement.

There are many good reasons for a bilateral US-UK free trade agreement. One of the best is that it would afford two of the world's most market-oriented economies the opportunity to pioneer the rules, and reap the benefits, of a genuinely liberalising 21st-century trade agreement.

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